

FINANCE, REVENUE AND BONDING COMMITTEE

PUBLIC HEARING TESTIMONY

Friday, February 24, 2017

Testimony of

Paul Ferruolo

S.B. No. 187 AN ACT REPEALING THE SALES TAX ON CAR WASH SERVICES AND COIN-OPERATED CAR WASHES

Co-Chairs Frantz, Fonfara, Rojas, Ranking Member Davis and members of the Finance Committee. My name is Paul Ferruolo. I am the owner of Mr. Sparkle Car Wash, a self-service carwash in East Hartford, Connecticut.

I come before you today to testify on S.B. 187 and ask for your consideration to repeal the recently imposed sales tax on car wash services and coin-operated car washes.

As a small business owner, I can fully appreciate the stress that you are under as you work to balance the state budget during this time of deficits. I thank you for the opportunity to stand before you and let you know how important this act to repeal the sales tax on car washes is to our industry. Although in some cases, it is not impossible to collect the sales tax at a car wash – in my situation, as a coin-operated car wash owner, it is.

The sales tax on the coin-operated car wash industry has created an extraordinary burden on many small family-run businesses throughout the state. This is due to the fact that we are forced to pay a sales tax when we have no mechanism to collect it. In most cases we have had to simply pay the tax out of sales with no price increase because it is impossible to collect the tax. Raising the price to the next increment of the coin we accept is not always an option.

(I plan to bring a coin box to the hearing) This is a typical coin box that is used throughout the coin-operated car wash industry. This unit is totally exposed to the outside elements 12 months a year. In its life span, it will get sprayed repeatedly with high pressure water, covered with a half inch thick layer of ice and beat up with a sledge

hammer by a vandal. It is because of this harsh environment that there is no equipment in the car wash industry that can accept or pay out pennies, nickels or dimes. These coin-operated boxes can only accept one denomination of coin: quarters or dollar coins.

In 1992 the legislature passed a sales tax on the car wash industry that was only in effect for a few of years. It is important to note that coin-operated carwashes were exempt from this sales tax. It is because of the difficulties the coin operated car wash operators' face today, paying a tax they cannot collect, that the exemption was put into place then. This exemption was based on sound principle then and it would be today as well. For these reasons we ask that if the sales tax on the car wash services is to continue, the 1992 exemption for coin-operated car washes be re-instated.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you may have.